



AFI 63-124

PERFORMANCE BASED SERVICE CONTRACTS

HQ AFSPC Training Team



- **Contracting**
 - Barbara Bumby, Mary Gorman, Terry Schooley, Maj Laureli Mazik, Suzanne Snyder
- **Logistics** (Supply, Transportation, Maintenance)
 - Fletcher Lantz, Marvin Gielen, Terry Reed, Lt Col David Wright
- **Communications**
 - TSgt Matthew Syvertson
- **Civil Engineering**
 - William Welborn
- **Program Management**
 - Steve Alsup
- **Quality**
 - Ron Hoskinson, 21 CONS/LGCQ

Training Outline



- **Overview Brief on AFI 63-124**
- **Four Training Blocks**
 - Team Structure/Open Communication
 - Market Research
 - Performance Based Contracting
 - Performance Management (Quality Assurance)

Contents



- **Why the Change**
- **AFI 63-124 Facts**
- **AFI 63-124 Philosophy**
- **Performance-Based Requirements**
- **Market Research**
- **What Has Been Eliminated**
- **What Has Been Added**
- **Way Ahead**

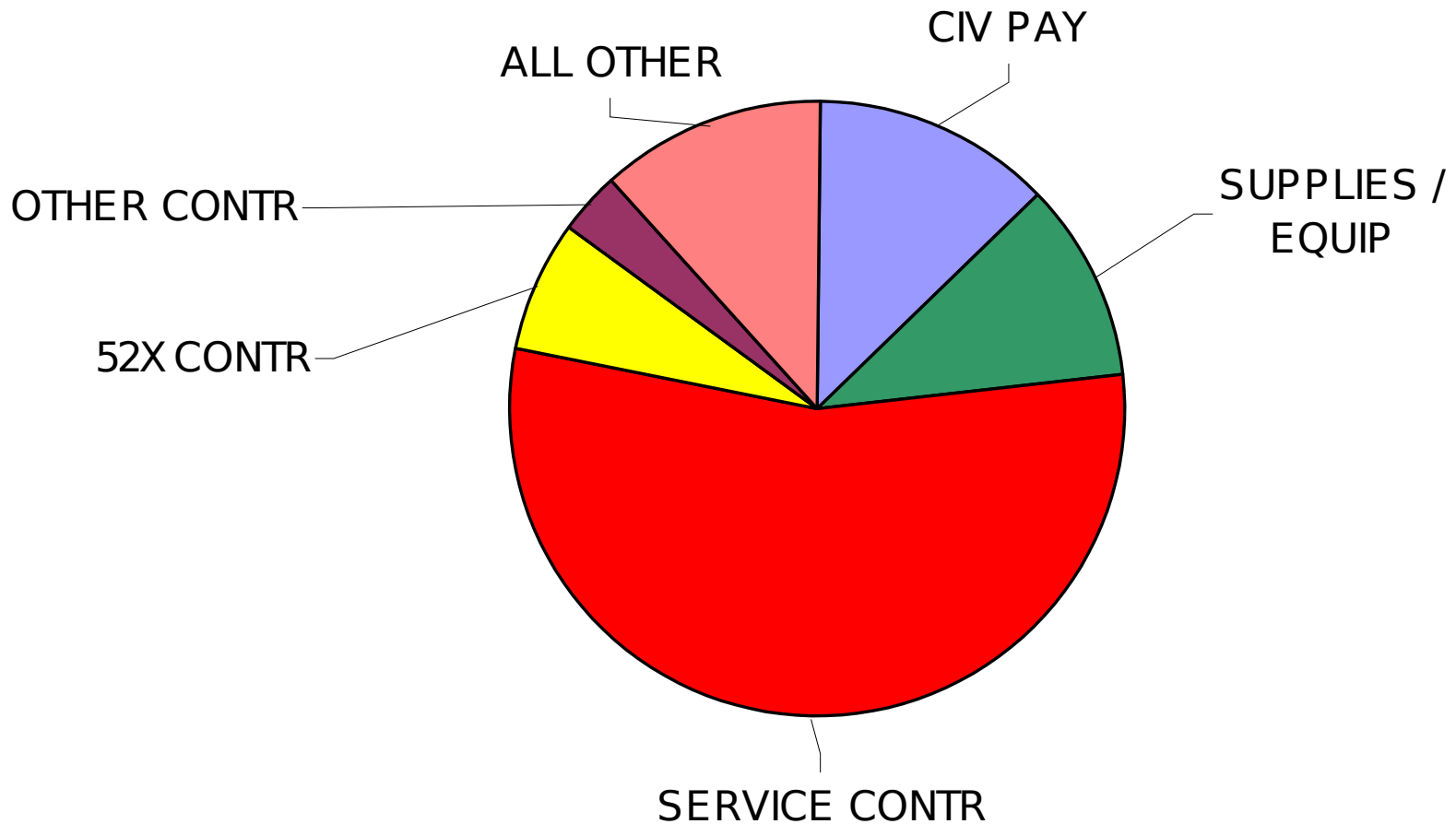
Why Change



More Contracts / Fewer People

- **60% of AFSPC budget is spent on service contracts**
- **FY98/\$1.071B out of \$1.783B**

AFSPC FY98 FUNDING



Why Change



Implement Acquisition Reform Principles

- **Commercial Practices**
- **Better Business Processes**

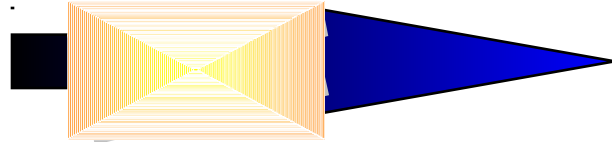
What We Want Our Reputation To Be

From a Wing Commander's Perspective

FROM

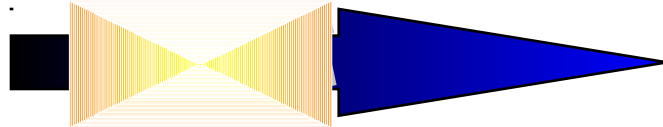
TO

Rigid



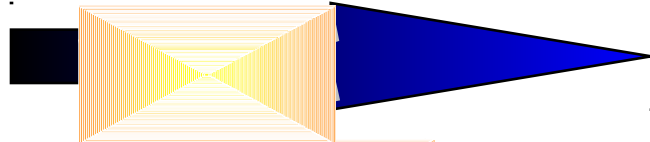
Flexible

Bureaucratic



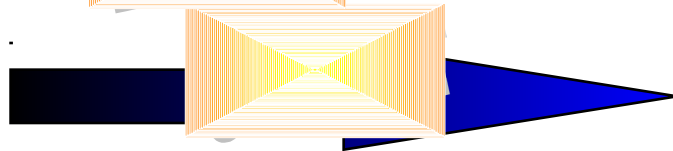
Customer Driven

Lowest Bid



Best Value

Independent



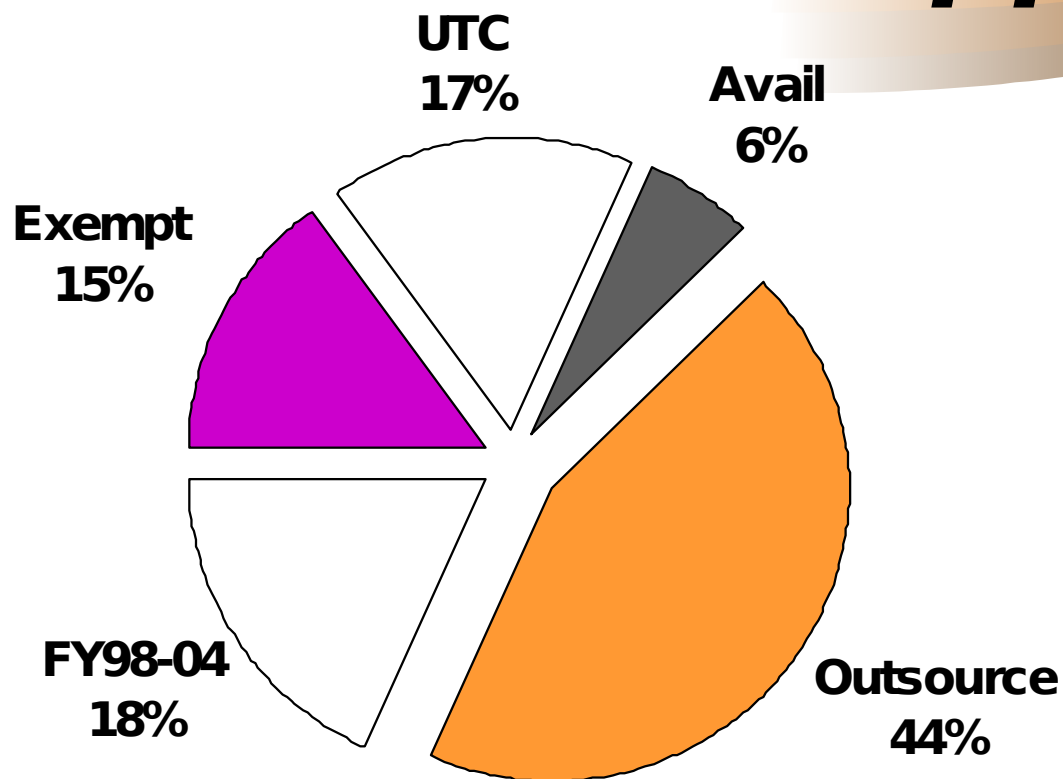
Teaming

Why Change



- QAE Program Concerns**
 - Too Expensive - \$25M “Can not afford oversight”**
 - Currently have approximately 500 QAEs in AFSPC**
 - Untimely Training**
- Continual Cuts in Manpower and Funding**
- Outsourcing Reduces Staff and Increases Contract Impact on Mission**

AFSPC Base Operating Support



Why Change



- **Outsourcing Impacts:**
 - **FY98 Studies (21 studies- 1330 Auths) - Completed**
 - **FY99 studies (8 studies-105 Auths) - In Progress**
 - **FY00-02 studies (12 studies-1043 Auths) - Started**
 - **FY03-04 candidates (5 studies-173 auths) - Programmed**

Results



- **Implement New AFI for Service Contracts**
- **Improve the Service Contract Process and Products**
- **Build Functional Partnership**
- **Save Resources**

AFI 63-124 Facts

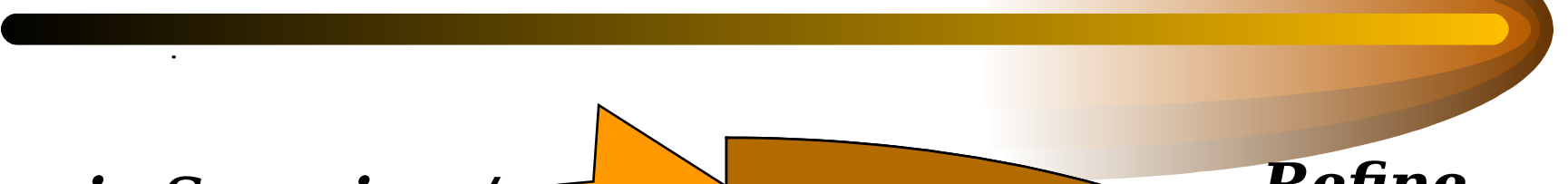


- **Replaces AFM 64-108, “Service Contracts”**
- **Replaces AFI 63-504, “Quality Assurance Evaluator Program”**
- **Applies to All Service Contracts Over \$100,000 Annually**
- **Effective Date, 1 APRIL 1999**
 - www.bsx.org
- **SAF/AQC POC: Maj Brian Bellacicco**

Philosophy of AFI 63-124

- **Provides Flexibility**
- **Promotes Acquisition Reform Principles**
- **Emphasizes Performance Based Contracting**
- **Encourages Commercial Practices**
- **Promotes Team Approach**
- **Applies to Acquisition Life-Cycle**
- **Promotes Business Process Improvements**

Applies to the Whole Acquisition



***Strategic Sourcing /
Market Research***

***Refine
Wing Business
Strategy***

***Continuous Business
Process***

***Implement
Performance Management
Techniques***

***Incorporate Into
Acquisition Strategy***



Requires Performance Based SOW



- **Requirements are outcome based**
- **Requirements are Measurable**
- **Contractor empowered to use best commercial practices and management innovation**



From Specifying “How To” To “Performance Based”

C o n t i n u

u m

Stresses Requirement for Market Research

- **Determine if requirement is a commercial item/services**
- **Identify standard commercial practices**
 - **Requirements Definition**
 - **Terms and conditions**
 - **Warranties**
 - **Contract format/structure**
 - **Performance incentives**
 - **Solicitation and evaluation methods**
 - **Quality Assurance / Insight**

Quality Assurance Shift from Oversight to Insight

- New Emphasis on Insight and Partnership with Contractor
- Quality Assurance Built Into Program From Beginning
 - Outcome-based performance standards
- Relying on contractor's quality control program
 - Use contractor's generated metrics to determine if performance standards are met
- Eliminate government QAEs duplicating the contractors quality control program

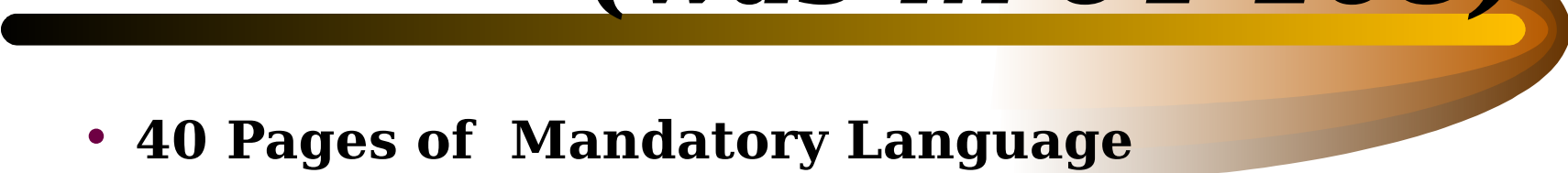
Limiting inspections to validating the contractor's metrics

From "Oversight"

C o n t i n u u m

To "Insight"

Eliminated in 63-124 (was in 64-108)



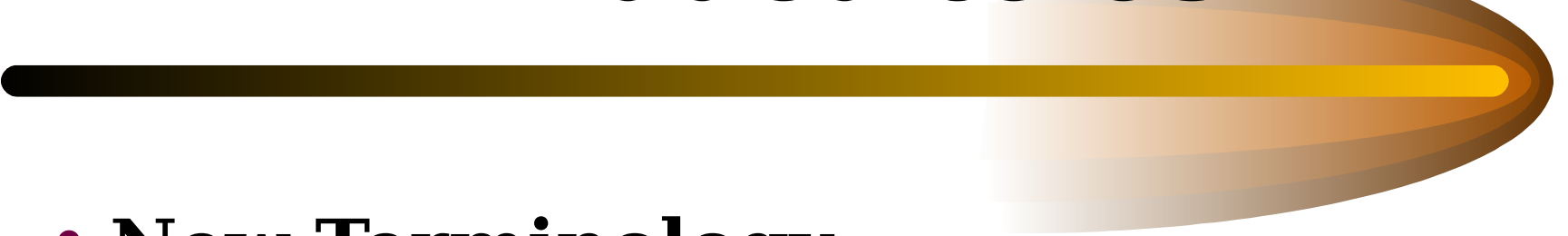
- **40 Pages of Mandatory Language**
- **Emphasis on Monetary Deductions**
 - **Adversarial Relationship With The Contractor**
- **100% Inspection/Random Sampling Preference**
 - **Oversight Mindset**

Added to 63-124



- **Emphasis on Acquisition Team Approach**
 - Performance Management Council
 - Installation Business Advisor
 - Functional Director or Functional Commander
 - Business Requirement and Advisory Group (BRAG)
 - Performance Management Office

Added to 63-124



- **New Terminology**

PWS → SOW (includes PWS, Work Statement, SON, SOO, TRD)

FAC → Functional Director or Commander (FD/FC)

QAE → QA Personnel (QAE and QAS)

PRS Service Delivery Summary (SDS)

On-Line Tools



- **SAF / AQC Contracting Toolkit**
 - **Instructions and Guidance**
 - **Current Tools in Use**
 - **Samples**
 - **Approval Required for Posting Data**
 - **BRAGs should Utilize and Contribute Best Practices**

<http://www.safaq.hq.af.mil/contracting/>

On-Line Tools



- **Business Solution Exchange**
(Test Phase)
 - **Knowledge Warehouse**
 - **Lessons Learned/Best Practices**
 - **Group-ware Capability**

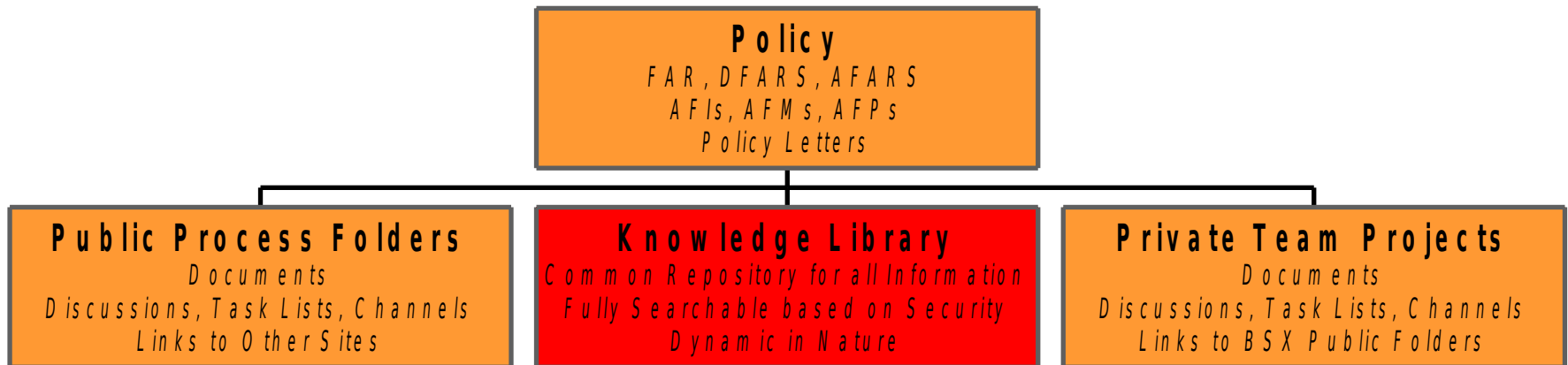
<http://www.bsx.org>

What is BSX?

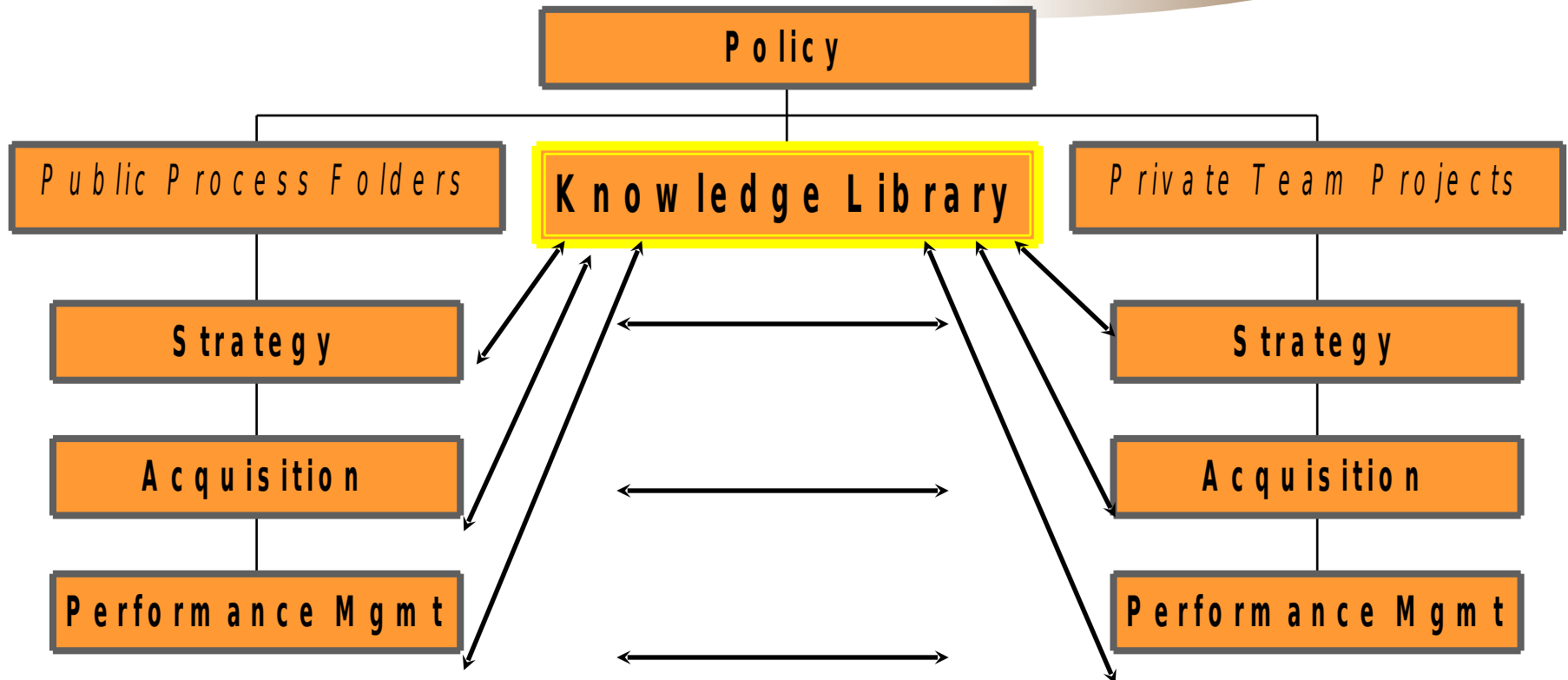


- An interactive system that brings policy, process, and people together to produce business solutions
 - **Policy**: The common “canvas” we want our people to work together on
 - **Process**: The many “paints, brushes, and techniques” an artist can use
 - **People**: “Artists” that creatively apply policy and process to produce business solutions

Policy, Process, and People at Work



The Goal: Ongoing Refreshment



Way Ahead



- **Leadership, Functional and Contracting Partnership Required**
 - Provide resources commensurate with requirement
 - Up-front research and planning for acquisitions
 - Ensure continuity and teamwork for maximum payoff
 - Continuous communication and improvement
 - Cross-functional perspective can save \$\$\$